



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 15-40 – Virginia Certified Home Inspector Regulations Department of Professional and Occupational Regulation

February 19, 2002

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The 2001 General Assembly passed legislation that created a voluntary certification program for home inspectors. The proposed regulations establish the requirements for that certification and the minimum standards that must be followed to conduct a "certified home inspection" as well as standards of conduct and practice.

Estimated Economic Impact

Upon the effective date of the proposed regulations, any person who refers to themselves as a "certified home inspector" or offers to provide "certified home inspections" will be required to hold a valid certification by the Board for Asbestos, Lead, and Home Inspectors. Costs of obtaining certification will include expenses for classroom instruction, taking the examination, and obtaining applicable insurance, as well as costs related to regulatory requirements for written contracts, inspection reports, and maintaining records. Certification is voluntary and home inspectors can avoid these costs by choosing to not apply for certification.

A provision included in the proposed regulation states it would be a conflict of interest for a Certified Home Inspector to perform repairs or modifications to a residential building on which he has performed a certified home inspection. The extent of current problems with unscrupulous inspectors is not known and, therefore, it is not possible to determine whether the increase in consumer protection outweighs any loss of income by the inspector for these other services.

Certification is designed to provide assurance to potential clients that those individuals have met the minimum requirements to properly conduct an adequate home inspection. Consumers are, in turn, likely to be charged a higher price for a “certified home inspection” due to the expense to the inspector to obtain certification. While the value of increasing consumer confidence cannot be quantified at this time, the benefits of obtaining certification can be expected to be greater than the associated costs for those inspectors who voluntarily choose to participate in this program.

Businesses and Entities Affected

According to industry estimates, there are currently approximately 550 individuals conducting residential home inspections who will have the option of becoming certified under the proposed regulations. Individuals choosing not to obtain certification will still be allowed to conduct home inspections, although they will not be allowed to refer to themselves as “certified home inspectors.”

Localities Particularly Affected

The proposed regulations are not likely to uniquely affect any particular localities in Virginia.

Projected Impact on Employment

The proposed regulations are not expected to have any impact on the overall level of employment in Virginia.

Effects on the Use and Value of Private Property

The proposed regulations are not expected to have any effect on the use and value of private property in Virginia.

